



LEGACY BUSINESS PROGRAM

Annual Report **Fiscal Year 2018-19** **April 2018 - March 2019**





The Legacy Business Program is a groundbreaking initiative of the City and County of San Francisco that recognizes and preserves longstanding, community-serving establishments that have contributed to San Francisco's history and identity. These businesses - including retailers, restaurants, service providers, manufacturers, and more - foster civic engagement and serve as valuable cultural assets of the city.

Legacy Businesses are the bedrock of our local communities and a draw for tourists from around the world.

Preserving Legacy Businesses, the "soul of the city," is critical to maintaining the unique character of San Francisco.

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EXECUTIVE SUMMARY

This Legacy Business Program Annual Report for fiscal year 2018-19 (April 2018 through March 2019) is the third annual report for the Legacy Business Program of the City and County of San Francisco. It summarizes activities of the Legacy Business Program, including the following: major accomplishments, the Legacy Business Registry, marketing and branding, business assistance services, the Legacy Business Historic Preservation Fund, the Program budget, Program challenges and major upcoming activities. Highlights are included below.

MAJOR ACCOMPLISHMENTS

- Developed additional rules and regulations for the Legacy Business Registry.
- Added 46 businesses to the Registry between April 2018 and March 2019.
- Worked with students from the University of San Francisco on new Legacy Business Registry applications and the printing of marketing and promotional items.
- Issued 14 press releases between April 2018 and March 2019.
- Tweeted 18 tweets on Twitter and posted 7 entries on Facebook between April 2018 and March 2019 about Legacy Businesses and the Legacy Business Program.
- Designed the Legacy Business Program logo with translations in Chinese, Japanese, Korean, Russian, Spanish, Tagalog and Vietnamese.
- Completed a number of marketing and branding items for the Legacy Business Program including a brand book, brand elements, brochure, business card, certificate, envelope, favicons, letterhead, mailing label, marketing toolkit, plaque, point of sale sticker, postcard, PowerPoint template, production shop list, social media guide, style guide, website design and window cling.
- Created a Marketing Website Portal for access by Legacy Businesses.
- Issued a Marketing Toolkit Sign-Up Survey to Legacy Businesses.
- Encouraged City departments, commissions, committees and task forces to patronize Legacy Businesses to the greatest extent possible.
- Continued providing one-on-one business assistance services through the San Francisco Small Business Development Center.
- Provided 336 hours of technical assistance to 59 Legacy Business clients between July 2018 and March 2019.
- Provided resources and training to Legacy Businesses for succession planning in partnership with the San Francisco Small Business Development Center and the Democracy at Work Institute.
- Created an annual re-application process for the Rent Stabilization Grant.
- Paid 10 first-year Rent Stabilization Grants and 14 second-year Rent Stabilization Grants to landlords of Legacy Businesses totaling \$356,916 between July 2018 and March 2019.
- Approved 104 Business Assistance Grants totaling \$589,527 for fiscal year 2018-19.
- Measured and analyzed the effects of the Rent Stabilization Grant and Business Assistance Grant, and began developing protocols to address the growing demand for the grants.
- Issued the Legacy Business Program Accessibility Grant to help Legacy Businesses better comply with disability access laws; received nine completed applications.
- Provided a list of potential improvements to the Controller's Office to make the Supplier set-up process more user-friendly for businesses.

- Provided information about the Legacy Business Program to representatives from the municipalities of Amsterdam, Atlanta, Birmingham, Fremont, Los Angeles (Little Tokyo), New York City, Oakland, San Antonio and Sonoma County.
- Presented the Legacy Business Program to the National Preservation Partners Network at the National Trust for Historic Preservation Conference.

LEGACY BUSINESS REGISTRY

Since 2016, the Office of Small Business received 268 nominations from the mayor and members of the Board of Supervisors through March 31, 2019. During that time, the Office of Small Business received 214 applications, and 175 businesses were added to the Legacy Business Registry.

Fiscal Year	Number of Nominations Received	Number of Applications Received	Number of Businesses Listed on the Legacy Business Registry
Fiscal Year 2015-16	67	30	0
Fiscal Year 2016-17	102	86	93
Fiscal Year 2017-18	50	49	42
Fiscal Year 2018-19 through March 31, 2019	49	49	40
ANNUAL REPORT TOTAL	268	214	175

MARKETING AND BRANDING

The Office of Small Business began working with Osaki Creative Group, a third party marketing firm selected through a formal solicitation process, for marketing and branding services for the Legacy Business Program, including the creation of a logo, brand, marketing strategy and website design.

The Office of Small Business continued efforts to promote Legacy Business by posting on social media, issuing press releases, writing newsletters and encouraging the City and County of San Francisco to patronize Legacy Businesses. From July 2018 through March 2019, 10 press releases were issued by the Office of Small Business resulting in the publication of 10 known news articles.

Fiscal Year	Number of Press Releases Issued	Number of Known News Articles Resulting From Press Releases
Fiscal Year 2016-17	2	10
Fiscal Year 2017-18	11	15
Fiscal Year 2018-19 Through March 31, 2019	10	10
TOTAL	23	37

BUSINESS ASSISTANCE SERVICES

The Legacy Business Program has been working with a team of technical assistance providers including the San Francisco Small Business Development Center (SFSBDC), Working Solutions and the Lawyers' Committee for Civil Rights (LCCR) to assist businesses in need of various types of assistance, including Legacy Business Registry applications, financial, grant applications, legal, marketing, real estate, succession planning and other business challenges. From July 1, 2018, to March 31, 2019, the Legacy Business Program provided 336 hours of technical assistance to 59 Legacy Business clients. Since the Program launched, the Legacy Business Program provided 1,033 hours of consulting to 133 unique clients.

Fiscal Year	Number of Clients	Number of Hours of Technical Assistance
Fiscal Year 2016-17	25	379
Fiscal Year 2017-18	49	318
Fiscal Year 2018-19	59	336
ANNUAL REPORT TOTAL	133	1,033

LEGACY BUSINESS HISTORIC PRESERVATION FUND

The Rent Stabilization Grant has been an effective strategy in stabilizing longstanding businesses of all sizes in San Francisco. The grant was initially issued in February 2017. Since it was issued, there have been 29 first-year grant applications helping stabilize 26 Legacy Businesses. Three Legacy Businesses rented two storefronts each, and Rent Stabilization Grants were awarded for both storefronts.

From July 1, 2018, through March 31, 2019, the Legacy Business Program paid 10 first-year Rent Stabilization Grants and 14 second-year Rent Stabilization Grants to landlords of Legacy Businesses. The grant applications totaled \$356,916.

Rent Stabilization Grant (Fiscal Year 2018-19 through March 31, 2019)	Grants Paid (Fiscal Year 2018-19 through March 31, 2019)
Total First-Year Applications	\$149,257
Total Second-Year Applications	\$207,658
Total All Applications	\$356,916
Count	24
Average	\$14,872

In 2018-19, the Legacy Business Program approved Business Assistance Grants to 104 of the 105 Legacy Businesses that applied for the grant of the 148 businesses that were eligible to apply. The total amount approved for all 104 grantees was \$589,527; the average grant award was \$5,669 per grantee.

Business Assistance Grant	Number of Full-Time Equivalent Employees	Grants Paid
Total	1,906	\$589,527
Count	104	104
Average	18.33	\$5,669
Median	9.00	\$2,784

PROGRAM BUDGET

Following is the estimated Legacy Business Program budget for fiscal years 2018-19 and 2019-20. The budget includes staffing, program expenses, application fees paid by Legacy Businesses and grants. For detailed information, please see pages 38 and 39.

Budget Year	Estimated Revenue	Estimated Expenses
Fiscal Year 2018-19	\$1,317,526	\$1,307,954
Fiscal Year 2019-20	\$1,505,368	\$1,491,868

MAJOR UPCOMING ACTIVITIES

- Continuing providing resources and training to Legacy Businesses for succession planning.
- Implementing Phase 2 of the Marketing and Branding rollout for Legacy Businesses including bronze plaques, certificates, relaunch of social media promotions and developing marketing partnerships to elevate the promotion of Legacy Businesses.
- Establishing a marketing plan to promote Legacy Businesses including brochures and a new Legacy Business Program website.
- Printing branded office supplies for the Legacy Businesses Program including business cards, envelopes, letterhead and mailing labels.
- Continuing to encourage City departments, commissions, committees and task forces to patronize Legacy Businesses.
- Providing real estate technical assistance to Legacy Businesses.
- Researching new opportunities for assisting Legacy Businesses with the purchase of commercial buildings and commercial spaces.
- Creating a resource guide on how to purchase commercial real estate in partnership with other businesses.
- Working with the Planning Department and other City departments to provide benefits to Legacy Businesses and their landlords.
- Continuing to process Rent Stabilization Grant applications.
- Issuing and processing the Business Assistance Grant for fiscal year 2019-20.
- Developing protocols to address the growing demand for the Legacy grants, including the possible development of a new business grant.

BACKGROUND

The Legacy Business Program is a groundbreaking initiative to recognize and preserve longstanding, community-serving establishments that have contributed to San Francisco's history and identity. The businesses – including retailers, restaurants, service providers, manufacturers, nonprofit organizations and more – foster civic engagement and serve as valuable cultural assets of the city. They're the bedrock of our communities and a draw for tourists from around the world. Preserving Legacy Businesses, the "soul of the city," is critical to maintaining the unique character of San Francisco.

BACKGROUND OF LEGACY BUSINESS PROGRAM

A 2014 report by the City's Budget and Legislative Analyst's Office showed the closure of small businesses had reached record numbers in San Francisco. Commercial rents in most neighborhoods had risen significantly. The report drew connections between the city's high level of commercial evictions and skyrocketing rents. While rent control laws shield many residents from exorbitant rent hikes, no such laws exist for businesses. State law does not allow restrictions on commercial leases. An alternative effort to assist the city's legacy businesses was needed. Inspired by programs in cities such as Buenos Aires, Barcelona and London, Supervisor David Campos proposed legislation and a ballot proposition that would become the Legacy Business Program. It was introduced in two phases.

Phase one, which unanimously passed the Board of Supervisors in March 2015 and was signed by Mayor Edwin M. Lee on March 19, 2015, created the San Francisco Legacy Business Registry. To be listed on the Registry, businesses must be nominated by the mayor or a member of the Board of Supervisors and determined by the Small Business Commission, after a noticed hearing, as having met the following criteria:

1. The business has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years.
2. The business has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community.
3. The business is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

Phase two asked voters to create the Legacy Business Historic Preservation Fund, first-of-its-kind legislation that provides grants to both Legacy Business owners and property owners who agree to lease extensions with Legacy Business tenants.

Proposition J, establishing the Legacy Business Historic Preservation Fund, was approved by voters in November 2015, with 56.97 percent in favor and 43.03 percent opposed.

THE LEGACY BUSINESS PROGRAM IN THE SAN FRANCISCO ADMINISTRATION CODE

In the San Francisco Administrative Code, the Legacy Business Registry and the Legacy Business Historic Preservation Fund are addressed in sections [2A.242](#) and [2A.243](#), respectively.

MAJOR ACCOMPLISHMENTS

Following are major accomplishments for the Legacy Business Program from April 1, 2018, through March 31, 2019:

- Developed additional rules and regulations for the Legacy Business Registry.
- Added 46 businesses to the Registry between April 2018 and March 2019.
- Worked with three teams of five students each from the University of San Francisco on new Legacy Business Registry applications and the printing of marketing and promotional items.
- Issued 14 press releases between April 2018 and March 2019 about new Legacy Businesses as well as Small Business Week.
- Tweeted 18 tweets on Twitter and posted 7 entries on Facebook between April 2018 and March 2019 about Legacy Businesses and the Legacy Business Program.
- Worked with design firm Osaki Creative Group to complete the design of the Legacy Business Program logo with translations in Chinese, Japanese, Korean, Russian, Spanish, Tagalog and Vietnamese. Presented the logo to Mayor London N. Breed and the Board of Supervisors.
- Worked with Osaki Creative Group to complete a number of marketing and branding items for the Legacy Business Program including a brand book, brand elements, brochure, business card, certificate, envelope, favicons, letterhead, mailing label, marketing toolkit, plaque, point of sale sticker, postcard, PowerPoint template, production shop list, social media guide, style guide, website design and window cling.
- Created a Marketing Website Portal for access by Legacy Businesses.
- Issued a Marketing Toolkit Sign-Up Survey to Legacy Businesses to take orders for logo stickers, point of sale stickers, postcards and window clings.
- Partnered with the Office of Contract Administration to conduct outreach to City departments, commissions, committees and task forces to encourage them to patronize Legacy Businesses to the greatest extent possible.
- Continued providing one-on-one business assistance services through the San Francisco Small Business Development Center.
- Provided 336 hours of technical assistance to 59 Legacy Business clients between July 2018 and March 2019.
- Provided resources and training to Legacy Businesses for succession planning in partnership with the San Francisco Small Business Development Center and the Democracy at Work Institute.
- Created an annual re-application process for the Rent Stabilization Grant.

- Paid 10 first-year Rent Stabilization Grants and 14 second-year Rent Stabilization Grants to landlords of Legacy Businesses totaling \$356,916 between July 2018 and March 2019.
- Approved Business Assistance Grants to 104 Legacy Businesses for fiscal year 2018-19 totaling \$589,527.
- Measured and analyzed the effects of the Rent Stabilization Grant and Business Assistance Grant, and began developing protocols to address the growing demand for the grants.
- Issued the Legacy Business Program Accessibility Grant to help Legacy Businesses better comply with disability access laws and help increase access for people with disabilities to Legacy Business' goods and services. Received nine completed applications.
- Provided a list of potential improvements to the Controller's Office to make the Supplier set-up process more user-friendly for businesses registering as Suppliers with the City and County of San Francisco, including Legacy grant recipients.
- Provided information about the Legacy Business Program to representatives from the municipalities of Amsterdam, Atlanta, Birmingham, Fremont, Los Angeles (Little Tokyo), New York City, Oakland, San Antonio and Sonoma County.
- Presented the Legacy Business Program to the National Preservation Partners Network at the National Trust for Historic Preservation Conference in San Francisco.



Photo: Nikki Collister, Hoodline



"St. Mary's Pub has been a neighborhood institution for over 85 years, and it is an honor to be recognized by the city," said owner Maria Davis. "Being part of the Legacy Business Registry not only acknowledges the bar itself, but the incredible community that has kept this piece of San Francisco history alive for so long!"

LEGACY BUSINESS REGISTRY

The purpose of the Legacy Business Registry is to recognize and preserve longstanding, community-serving businesses that are valuable cultural assets to the city. The Registry is a tool for providing educational and promotional assistance to Legacy Businesses to encourage their continued viability and success.

Nominations for the Registry are made by the mayor or a member of the Board of Supervisors on an ongoing basis. Nominations are limited to a total of 300 businesses per fiscal year (July 1 through June 30). Businesses that are nominated for inclusion on the Registry and wish to be included on the Registry must pay a one-time non-refundable administrative fee of \$50 to offset the costs of administering the Legacy Business Program.

NOMINATIONS, APPLICATIONS AND BUSINESSES LISTED ON THE REGISTRY

The following table shows the number of nominations received, the number of applications received and the number of businesses listed on the Legacy Business Registry for fiscal years 2015-16 through 2017-18 and the first three quarters of fiscal year 2018-19.

EXHIBIT 1: Number of Nominations, Applications and Legacy Businesses by Fiscal Year

Fiscal Year	Number of Nominations Received	Number of Applications Received	Number of Businesses Listed on the Legacy Business Registry
Fiscal Year 2015-16	67	30	0
Fiscal Year 2016-17	102	86	93
Fiscal Year 2017-18	50	49	42
Subtotal (Fiscal Years Prior to 2018-19)	219	165	135
2018 Quarter 3: July through September	14	15	13
2018 Quarter 4: October through December	10	14	4
2019 Quarter 1: January through March	25	20	23
Subtotal (Fiscal Year 2018-19 Through March 31, 2019)	49	49	40
ANNUAL REPORT TOTAL	268	214	175

The previous table represents a total of 283 businesses of which 268 have been nominated by the mayor or a member of the Board of Supervisors and 214 have provided applications to the Office of Small Business. The following table shows the status of the 283 businesses with regard to the Legacy Business Registry for fiscal years 2015-16 through 2017-18 and the first three quarters of fiscal year 2018-19.

EXHIBIT 2: Status of Nominees and Applicants

Status with Regard to the Legacy Business Registry	Nominees	Applicants	TOTAL
Legacy Business listed on the Registry	175	175	175
Legacy application in the approval pipeline	7	7	7
Legacy application in progress	14	24	25
Legacy application rescinded by the applicant	1	2	2
Business not yet age eligible for the Registry	1	2	2
Business not eligible for the Registry	0	2	2
Business closed	3	2	3
No application received	67	NA	67
TOTAL	268	214	283

LEGACY BUSINESSES

The following table indicates the 46 Legacy Businesses that were placed on the Legacy Business Registry from April 2018 through March 2019. The businesses are listed by supervisorial district according to the location of their main business address. Note that London Breed and Mark Farrell made nominations as supervisors versus mayors during this reporting period. For a current list of all Legacy Businesses, including multiple San Francisco business locations if applicable, please visit the Office of Small Business's website at <http://sfosb.org/legacy-business/registry>.

EXHIBIT 3: Businesses Placed on the Registry from April 2018 through March 2019

Legacy Business	Main Business Address	Current District	Nominator	Date Placed on Registry
Balboa Theatre	3630 Balboa St.	1	Supervisor Sandra Lee Fewer	10/22/2018
House of Bagels	5030 Geary Blvd.	1	Supervisor Sandra Lee Fewer	10/22/2018
Let's Do Wash Coin Launderette	3725 Balboa St.	1	Supervisor Sandra Lee Fewer	3/11/2019
New World Market	5641 Geary Blvd.	1	Supervisor Sandra Lee Fewer	2/25/2019
Schubert's Bakery	521 Clement St.	1	Supervisor Sandra Lee Fewer	1/28/2019
Balboa Cafe	3199 Fillmore St.	2	Supervisor Catherine Stefani	8/13/2018

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Legacy Business	Main Business Address	Current District	Nominator	Date Placed on Registry
California Wine Merchant	2113 Chestnut St.	2	Supervisor Catherine Stefani	9/24/2018
Fireside Camera	2117 Chestnut St.	2	Supervisor Catherine Stefani	10/22/2018
Jackson Fillmore Trattoria	2506 Fillmore St.	2	Supervisor Mark Farrell	3/25/2019
La Méditerranée	2210 Fillmore St.	2	Supervisor Rafael Mandelman	3/11/2019
Marina Supermarket	2323 Chestnut St.	2	Supervisor Catherine Stefani	9/10/2018
Marine Chartering Company, Inc.	781 Beach St., Suite 400	2	Supervisor Mark Farrell	4/23/2018
Alioto's Restaurant	8 Fisherman's Wharf	3	Supervisor Aaron Peskin	1/14/2019
BIX Restaurant	56 Gold St.	3	Supervisor Aaron Peskin	1/28/2019
Couture Designer European Clothing	395 Sutter St.	3	Supervisor Aaron Peskin	1/14/2019
The Jug Shop	1590 Pacific Ave.	3	Supervisor Aaron Peskin	9/24/2018
Pier 39 Ltd Partnership	Pier 39, P.O. Box 193730	3	Supervisor Aaron Peskin	9/10/2018
S & S Grocery	1461 Grant Ave.	3	Supervisor Aaron Peskin	2/25/2019
Yuet Lee Restaurant	1300 Stockton St.	3	Supervisor Aaron Peskin	2/25/2019
Great Wall Hardware	1821 Taraval St.	4	Supervisor Katy Tang	9/24/2018
Other Avenues	3930 Judah St.	4	Supervisor Katy Tang	1/14/2019
FTC Skateboarding	1632 Haight St.	5	Supervisor Vallie Brown	9/10/2018
Haight and Fillmore Whole Foods	501 Haight St.	5	Supervisor Vallie Brown	9/10/2018
Hayes Street Grill	320 Hayes St.	5	Supervisor London Breed	8/13/2018
Kimochi, Inc.	1715 Buchanan St.	5	Supervisor Vallie Brown	1/14/2019
Paper Tree	1743 Buchanan St.	5	Supervisor Vallie Brown	11/26/2018

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Legacy Business	Main Business Address	Current District	Nominator	Date Placed on Registry
Bay View Boat Club	489 Terry A. Francois Blvd.	6	Supervisor Aaron Peskin	1/14/2019
Curry Senior Center	333 Turk St.	6	Supervisor Jane Kim	3/25/2019
Ted's Market and Delicatessen	1530 Howard St.	6	Supervisor Jane Kim	1/14/2019
Armstrong Carpet and Linoleum Company	369 West Portal Ave.	7	Supervisor Norman Yee	2/25/2019
Randy's Place	1101 Ocean Ave.	7	Supervisor Norman Yee	3/25/2019
The Animal Company	1307 Castro St.	8	Supervisor Jeff Sheehy	6/11/2018
Bi-Rite Market	3639 18th St.	8	Supervisor Rafael Mandelman	3/11/2019
Chloe's Café	1399 Church St.	8	Supervisor Jeff Sheehy	9/10/2018
Creativity Explored	3245 16th St.	8	Supervisor Rafael Mandelman	9/24/2018
For Your Eyes Only Optometry	552 Castro St.	8	Supervisor Rafael Mandelman	1/14/2019
IXIA	2331 Market St.	8	Supervisor Rafael Mandelman	9/24/2018
VIP Grooming	4299 24th St.	8	Supervisor Jeff Sheehy	6/11/2018
Make Out Room	3225 22nd St.	9	Supervisor Hillary Ronen	3/11/2019
Mission Graduates	3040 16th St.	9	Supervisor Hillary Ronen	4/23/2018
St. Mary's Pub	3845 Mission St.	9	Supervisor Hillary Ronen	1/14/2019
The Jazz Room	5267 3rd St.	10	Supervisor Malia Cohen	4/9/2018
Knights' Catering	255 Mendell St.	10	Supervisor Malia Cohen	5/21/2018
Mon Sing Noodle Co.	1950 Innes Avenue, #3	10	Supervisor Malia Cohen	3/11/2019
San Francisco Bay View National Black Newspaper	4917 Third St.	10	Supervisor Malia Cohen	9/24/2018
San Francisco Supply Master	2050 McKinnon Ave.	10	Supervisor Malia Cohen	1/28/2019

LEGACY BUSINESSES PER NOMINATOR

The following table indicates the number of nominations for each nominator for the 46 Legacy Businesses that were placed on the Legacy Business Registry between April 2018 and March 2019. Note that London Breed and Mark Farrell made nominations as supervisors versus mayors during this reporting period.

EXHIBIT 4: Legacy Businesses per Nominator from April 2018 through March 2019

Nominator	Number of Legacy Businesses
Supervisor London Breed	1
Supervisor Vallie Brown	4
Supervisor Malia Cohen	5
Supervisor Mark Farrell	2
Supervisor Sandra Lee Fewer	5
Supervisor Jane Kim	2
Supervisor Rafael Mandelman	5
Supervisor Aaron Peskin	8
Supervisor Hillary Ronen	3
Supervisor Jeff Sheehy	3
Supervisor Catherine Stefani	4
Supervisor Katy Tang	2
Supervisor Norman Yee	2
TOTAL	46



"Other Avenues was founded by the people, for the people," said Emily Huston, co-owner of the business. "A group of counterculture individuals dared to break the mold, set up buying clubs, and distribute organic, healthy food to all. As a fully worker-owned co-op, we're honored to join the wonderful Legacy Businesses that make this city shine."

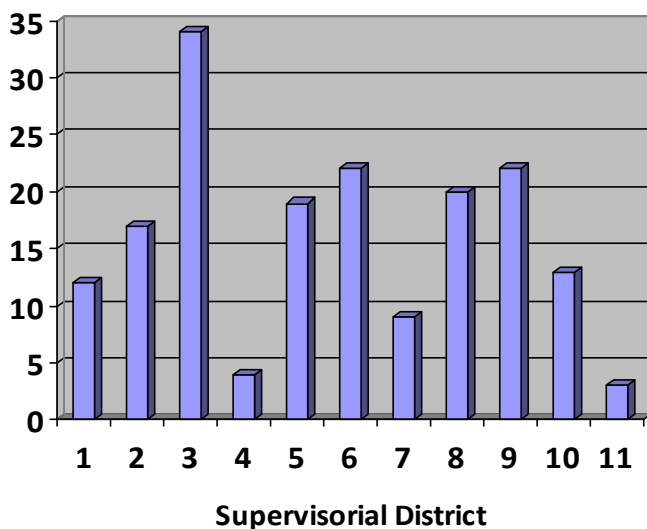
LEGACY BUSINESSES PER DISTRICT

The following table indicates the number of Legacy Businesses per supervisorial district for the 175 Legacy Businesses that were placed on the Legacy Business Registry through March 31, 2019. The table lists the current district for the main business address for each Legacy Business regardless if the Legacy Business has multiple locations included on the Registry.

EXHIBIT 5: Table of Number of Legacy Businesses per District as of March 31, 2019

Supervisorial District	Number of Legacy Businesses
1	12
2	17
3	34
4	4
5	19
6	22
7	9
8	20
9	22
10	13
11	3
TOTAL	175
AVERAGE	16
MEDIAN	17

EXHIBIT 6: Chart of Number of Legacy Businesses per District as of March 31, 2019

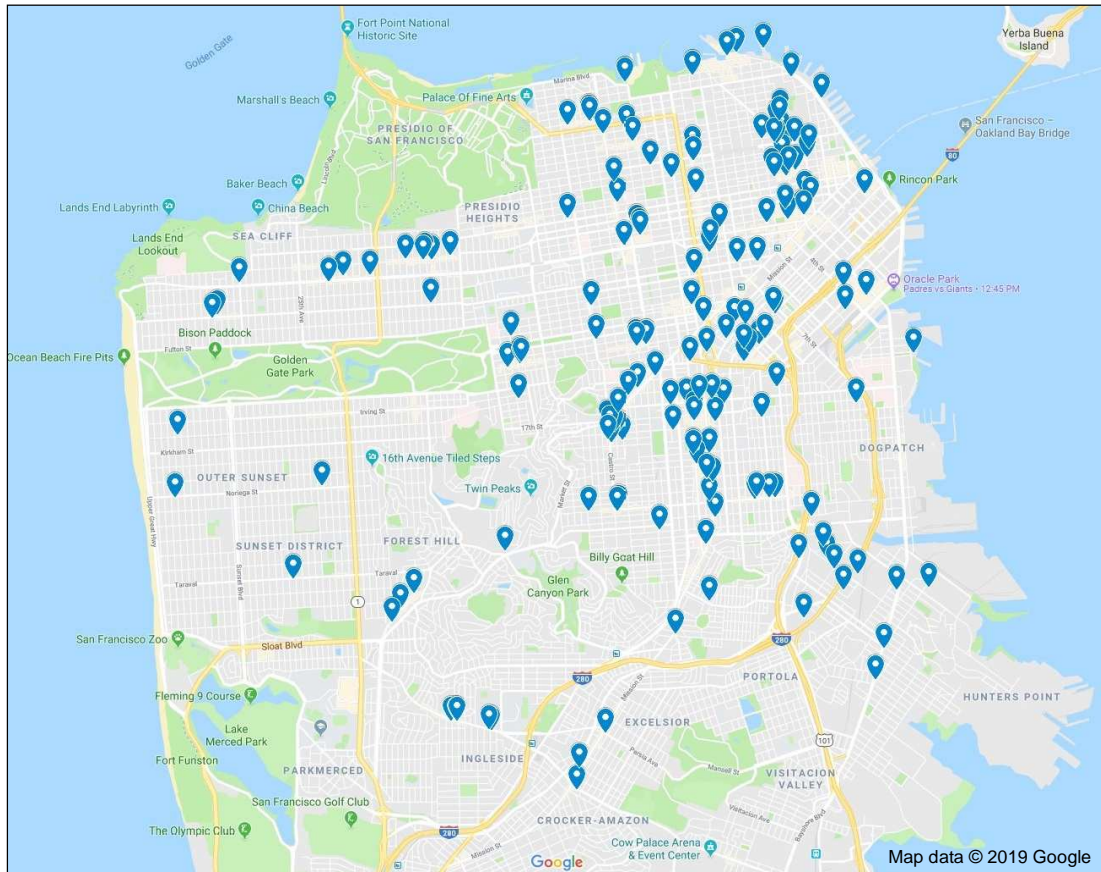


MAP OF LEGACY BUSINESSES, MAIN LOCATIONS

The following map shows the main business locations for all 175 Legacy Businesses as of March 31, 2019. The map does not include multiple business locations for those businesses with more than one location. For a current map of all active Legacy Businesses, including multiple San Francisco business locations if applicable, please visit the following website:

https://drive.google.com/open?id=1frl3u5gtCKQYyck-hgkaQ45_nlo&usp=sharing

EXHIBIT 7: Map of Legacy Businesses, Main Locations, as of March 31, 2019



*"My wife and I feel fortunate that **Chloe's Café** has been part of the Noe Valley neighborhood for over 30 years," said Steven Baker, co-owner of Chloe's Café. "I think our customers appreciate the fact they can come in for years—indeed decades—and things will still be the same at Chloe's – the same menu, decor, and some of the original staff."*

MARKETING AND BRANDING

The Office of Small Business made strides in fiscal year 2018-19 to design, build and implement a Marketing and Branding strategy for the Legacy Business Program. The goal was to illustrate the importance of Legacy Businesses to San Francisco, its communities and visitors as a way to draw customers to patronize Legacy Businesses. After a comprehensive research and development process, the program took shape through the design of the Legacy Business logo and a wide variety of print and digital materials. The Marketing and Branding strategy is being rolled out in phases, starting with Phase 1 in 2018-19 with the logo and marketing toolkit. In fiscal year 2019-20, Phase 2 will involve certificates, plaques and development of marketing partnerships, such as with San Francisco Travel.

The Office of Small Business established a Marketing and Branding Committee with representatives from the Office of Small Business, Small Business Commission, Historic Preservation Commission, Office of Economic and Workforce Development, Planning Department and San Francisco Heritage. The committee was led by Osaki Creative Group, a third party marketing firm selected by the Office of Small Business through a Request For Quotes process in July 2017 for marketing and branding services.

RESEARCH AND DEVELOPMENT

The Marketing and Branding Committee met from December 2017 to September 2018 to conduct research and development that involved:

- Researching San Francisco culture and establishing program goals.
- Surveying Legacy Businesses to help inform brand colors, design elements and utilization of marketing materials.
- Developing design direction and concepts.
- Selecting the design and color palette.
- Translating the logo into different languages.
- Delivering the final logo in all formats and files.
- Designing and delivering marketing materials, toolkit and style guides.

As a result, the following marketing materials were created.

- A marketing toolkit of print and digital items for Legacy Businesses to effectively use the Legacy Business branding to promote their businesses.
- A mix of print and digital items for the Office of Small Business to effectively use the Legacy Business branding to promote the Legacy Business Program and Legacy Businesses.



*“Forty years ago when we opened Hayes Street Grill, the performing arts community needed someplace to meet over lunch and eat before the ballet, symphony and opera,” said Patty Unterman, co-owner of **Hayes Street Grill**. “Who would have guessed that Hayes Valley would become one of the most happening neighborhoods in the city? From day one we pledged to cook only fresh, local ingredients and we still do. We are so pleased to be recognized as a Legacy Business in our beloved San Francisco.”*

LEGACY BUSINESS PROGRAM LOGO

In October 2018, the Office of Small Business finalized the logo for the Legacy Business Program. The logo features a flame and torch framed by a rectangular border and emblazoned by a ribbon. The design of the logo is bold, dynamic, memorable and timeless while simultaneously simple so as not to conflict with the logos of Legacy Businesses.

The logo was translated into seven different languages – Chinese, Japanese, Korean, Russian, Spanish, Tagalog and Vietnamese – to complement the diversity of our Legacy Businesses.



Logo Elements

The element of **fire** has great power for forging will and determination. The symbolic meaning of the flame is representative of our inner light as well as a living symbol of the fire that burns in every soul. We incorporated the flame to be representative of the “soul of the city” that comes from Legacy Businesses.

The **torch** represents the endeavor for protection and struggle for victory. It also symbolizes a passing of tradition likened to giving light or guidance to the next generation. We incorporated the torch to highlight the passing of tradition and struggle that our Legacy Businesses have endured throughout their history.

The **rectangular border** represents protection and also gives the logo a badge-like quality, which is known for its distinction as a mark of achievement and membership. We felt this concept showed the City's willingness to protect legacy businesses and represented the Legacy Businesses' achievement to be posted at their places of business.

The **ribbon** is a symbol of awareness and support. We used the ribbon element wrapped around the entire logo to represent the City's support of and commitment to Legacy Businesses.

MARKETING AND BRANDING FOR LEGACY BUSINESSES

Osaki Creative Group developed numerous marketing and promotional items for Legacy Businesses contained in a marketing toolkit, including a brand book, bronze plaque, certificate, point of sale sticker, postcard, production shop list, social media guide and window cling. The marketing toolkit will enable Legacy Businesses to utilize Legacy Business branding to promote their businesses. The Office of Small Business encourages businesses to consider new Legacy-branded marketing strategies such as marketing at events, online marketing through Yelp and engaging new and potential customers through social media.

Certificate for Legacy Businesses



Point of Sale Sticker for Legacy Businesses



DECAL - 3.5" x 2.5"

Window Cling for Legacy Businesses



DECAL - 3.4015" w x 5.6547" h

Bronze Plaque for Interior or Exterior of Legacy Businesses



We asked Legacy Businesses how they plan to utilize the marketing toolkit.

Here's what they said:

- **Booksmith:** We will add branding to our 5,000+ bookmark printing.
- **Cole Hardware:** We'll use branding in our print newsletter and monthly ads.
- **Community Boards:** The graphic has been added to our website, program/services brochures and other marketing pieces. We're planning a social media launch as well.
- **Couture Designer European Clothing:** We will add stickers to shopping bags, garment bags and gift boxes with every purchase.
- **Escape from New York Pizza:** We will add the logo on our menu and on our pizza boxes.
- **Fireside Camera:** We plan on incorporating them in e-blasts sent to our customers.
- **Jeffrey's Toys:** We will add branding to our website, in flyers and on our business cards.
- **Lucca Delicatessen:** We will possibly add the logo to our T-shirts.
- **Mon Sing Noodle Co.:** We can add stickers to our retail/wholesale product packaging and the logo to the sleeves on our employee uniforms.
- **Navarro's Kenpo Karate Studio:** We will incorporate branding on our schedule, letterhead and business cards.
- **Project Open Hand:** We will install the window clings at our entrances and promote the logo on our website and our social media channels.
- **San Francisco Supply Master:** We will add branding to our catalog, brochures, product sheets, email signatures and wherever we place the company logo.
- **VIP Grooming:** We might add the logo to promotional materials and use it on our websites and social media.

MARKETING AND PROMOTION BY THE OFFICE OF SMALL BUSINESS

The Office of Small Business continued efforts to promote Legacy Business by posting on social media, issuing press releases, writing newsletters and encouraging the City and County of San Francisco to patronize Legacy Businesses.

SOCIAL MEDIA PROMOTION

Building a strong social media presence is an easy and cost-effective way to increase visibility of the Legacy Business Program and, more importantly, draw customers to Legacy Businesses. The Office of Small Business continued social media efforts for the Legacy Business Program on its Twitter (@SFOSB) and Facebook (<https://www.facebook.com/SFOSB/>) pages. This includes announcement posts when new Legacy Businesses are added to the Registry. Social media is used for better engagement of the program with the public. Supporters are encouraged to post photos and share stories of their favorite Legacy Businesses, making sure to tag the business and Office of Small Business and use the hashtag “#SFLegacyBiz.”

PRESS RELEASES AND MEDIA ENGAGEMENT

Press releases have helped bring valuable media attention to the Legacy Business Program locally and nationally. The Office of Small Business began issuing regular press releases to announce new businesses added to the Registry starting in September 2017. Press releases are also issued to announce notable accomplishments. Establishing this process has proven to be a successful way to draw visibility of the program as evidenced by an increase in press articles on the Legacy Business Program and Legacy Businesses. This includes pick-up on the Internet via blogs and social networks.

In fiscal year 2018-19 through March 31, 2019, 10 press releases were issued by the Office of Small Business resulting in the publication of 10 known news articles, including coverage by the San Francisco Chronicle, Hoodline and San Francisco Eater.



A group of Legacy Business applicants and their supporters at San Francisco City Hall on January 14, 2019, celebrating unanimous approval to the Legacy Business Registry by the Small Business Commission.

EXHIBIT 8: Press Releases Issued

Fiscal Year	Number of Press Releases Issued	Number of Known News Articles Resulting From Press Releases
Fiscal Year 2016-17	2	10
Fiscal Year 2017-18	11	15
Fiscal Year 2018-19 Through March 31, 2019	10	10
TOTAL	23	37

NOTABLE PRESS MENTIONS AND ARTICLES

- September 11, 2018, San Francisco Eater, "[City Designates Chloe's Cafe, Hayes Street Grill, Balboa Cafe Legacy Businesses](#)," by Caleb Pershan.
- October 25, 2018, San Francisco Chronicle, "[Daily Briefing: Dunkin' espresso; Legacy honors; airline hacked](#)," by Chronicle Staff and News Services.
- October 31, 2018, Hoodline, "[Richmond District's Balboa Theater, House of Bagels awarded legacy business status](#)," by Nikki Collister.
- January 28, 2019, Hoodline, "[Castro optometrist 'For Your Eyes Only' named SF Legacy Business](#)," by Steven Bracco.
- January 30, 2019, Hoodline, "[St. Mary's Pub receives legacy status, but faces uncertain future](#)," by Nikki Collister.
- January 31, 2019, Hoodline, "[After 48 years serving seniors, Japantown's Kimochi receives legacy status](#)," by Teresa Hammerl.

NEWSLETTERS

The Legacy Business Program and new businesses added to the Legacy Business Registry were featured in three newsletters of the Office of Small Business (OSB) and eight newsletters of the Office of Economic and Workforce Development (OEWD) between April 2018 and March 2019.

OSB quarterly newsletters featuring the Legacy Business Program:

- [August 2018](#), [December 2018](#), [February 2019](#)

OEWD newsletters featuring the Legacy Business Program:

- [April 2018](#), [August 2018](#), [September 2018](#), [October 2018](#), [November 2018](#), [January 2019](#), [February 2019](#), [March 2019](#)

DOING BUSINESS WITH THE CITY AND COUNTY OF SAN FRANCISCO

The Office of Small Business partnered with the Office of Contract Administration to conduct outreach to City departments, commissions, committees and task forces to encourage them to patronize Legacy Businesses to the greatest extent possible. The Office of Small Business will continue these efforts in fiscal year 2019-20.

BUSINESS ASSISTANCE SERVICES

SUMMARY OF SERVICES

The Legacy Business Program has been working with a team of technical assistance providers including the San Francisco Small Business Development Center (SFSBDC), Working Solutions and the Lawyers' Committee for Civil Rights (LCCR) to assist businesses in need of various types of assistance. These include Legacy Business Registry applications, financial, grant applications, legal, marketing, real estate, succession planning and other business challenges.

During the 9-month period from July 1, 2018, to March 31, 2019, the Legacy Business Program provided technical assistance to **59** Legacy Business clients who received **336** hours of counseling. Since the Legacy Business Program launched, the program has served **133** unique clients for a total of **1,033** hours of consulting.

EXHIBIT 9: Business Assistance Provided through March 31, 2019

Fiscal Year	Number of Clients	Number of Hours of Technical Assistance
Fiscal Year 2016-17	25	379
Fiscal Year 2017-18	49	318
Fiscal Year 2018-19 (through March 31, 2019)	59	336
ANNUAL REPORT TOTAL	133	1,033

It worth noting that majority of Legacy Businesses that received technical assistance from SFSBDC are those with fewer employees. The average number of full-time equivalent employees (FTEs) of the businesses assisted was 5.8, whereas it is estimated the average number of FTEs per Legacy Business is 17.0. This may suggest that more resources should be allocated to business assistance services, which is helping smaller Legacy Businesses.



*The father-son team, Henry Kalebjian (right) and Hrag Kalebjian (left).
See page 26 for success story.*



CLIENT NEEDS

ASSISTANCE WITH LEGACY BUSINESS REGISTRY APPLICATIONS

Business owners continue to require assistance with the Legacy Business Registry applications. Business owners needing help are paired with a business advisor who helps guide the client through the application process. The most common assistance sought by business owners is the writing of the narrative section, but assistance is also provided with online research of historic information about the business, compiling back-up documentation and ensuring the application is complete before submission. In cases where business owners did not understand English well, an interpreter/advisor was assigned to provide language assistance for more effective communication.

ASSISTANCE WITH GRANT APPLICATIONS

For the Rent Stabilization Grant, the SFSBDC business advisor helped the Legacy Business Program Manager review all applications to ensure they were correct and complied with the grant Rules and Regulations.

To prevent Legacy Businesses from overlooking the September 30 deadline for Business Assistance Grant applications, the Office of Small Business sent letters and email messages to notify business owners about the deadline. SFSBDC made follow up phone calls to Legacy Businesses to ensure they would not miss the application deadline. One-on-one assistance was also provided when clients needed help completing applications, including calculating the number of full-time equivalent employees. Furthermore, SFSBDC assisted applicants in completing IRS Form W-9, which is required for businesses to get set up as Suppliers with the City and County of San Francisco so they can receive grants.

TECHNICAL ASSISTANCE AND ONE-ON-ONE CONSULTING

Legacy Businesses face similar challenges encountered by non-Legacy Businesses. The most common challenges are primarily related to real estate and business performance. The majority of Legacy Businesses do not own their commercial property and, given the bargaining power of property owners, they encounter challenges when their leases are about to expire. It is extremely helpful for business owners to work with someone who understands the negotiating process, market rates and real estate trends, as this helps negotiate more favorable terms.

In cases where business owners had intentions to move to new locations, SFSBDC was able to pair the clients with real estate professionals for their relocation plans, which includes real estate search, preparing Letter Of Intent and lease negotiation.

Finally, many business owners have demonstrated a need for performance improvements. Such cases are referred to a specialized consultant to (1) help assess the business situation and diagnose the potential problems; and (2) provide one-on-one support in areas of marketing and social media assistance, access to capital and financial management, strategic and even business succession planning. The end-goal of the one-on-one assistance is to help establish the long-term sustainability and continuity of Legacy Businesses.

Legacy Businesses, like other businesses, may need assistance in multiple areas. The table below shows a list of the client need service areas for which Legacy Businesses received assistance. The total is greater than 100 percent because individual businesses may receive assistance in more than one category.

**EXHIBIT 10: Types of Business Assistance
Provided Through March 31, 2019**

Client Need	Percentage of Businesses Receiving Assistance per Service Area
Grant Applications	42%
Marketing	34%
Legacy Business Registry Applications	24%
Financial	19%
Real Estate	14%
Legal	7%
Succession Planning	3%

TRAINING

Not only are Legacy Businesses eligible for one-on-one consulting, but they also have access to all training workshops offered via SFSBDC at no cost. Topics include, but are not limited to, access to capital, bookkeeping, business laws, government contracting, financial management, marketing and social media. By attending such workshops, Legacy Business owners and their managers have the opportunity to learn new knowledge or techniques to bring their businesses to the next level.

SUCCESS STORY

Background

Since 1965, Henry's House of Coffee (HHC) has been a fixture in San Francisco's Sunset District (1618 Noriega St.), where residents begin their mornings with a fresh pastry and a cup of coffee. Henry Kalebjian, the founder of HHC, learned the art of coffee roasting from his father in Lebanon at age 12. Henry's son, Hrag Kalebjian, left a corporate job to work with his father in 2013. Considered a "Master Roaster" by the industry, the father-son team owns the proprietary roasting process that sets Henry's House of Coffee apart from other coffee houses in the Bay Area. Henry personally roasts and blends coffee six days a week.



Challenges

After a recent renovation, the interior of HHC looks new, bright and inviting. However, the exterior signage was old and outdated, making it less appealing from the outside and harder to attract new customers. HHC wanted to tap a competitive SF Shines façade improvement grant from the Office of Economic and Workforce Development for its signage improvement project but had no expertise and time to put together a comprehensive grant application.

Actions

HHC approached SFSBDC for assistance with the grant application. SFSBDC advisor Jim Nguyen helped review the client's financial information, prepare a financial assessment on the business's long-term sustainability and put together a competitive application.

Results

HHC was selected to receive an \$11,000 grant from SF Shines to cover the cost of new storefront signage. Compared to the old one, the new sign is more visible, inviting and weather-resistant. The owners are very happy to see the change and have committed to make more business investments. Hrag has expressed the interest in setting up outside seating for patrons to enjoy their coffee.

LEGACY BUSINESS HISTORIC PRESERVATION FUND

The purpose of the Legacy Business Historic Preservation Fund is to maintain San Francisco's cultural identity and to foster civic engagement and pride by assisting Legacy Businesses to remain in the city.

In San Francisco's current economic climate, many otherwise successful, long-operating businesses are at risk of displacement despite continued value to the community and a record of success. In recent years, San Francisco has witnessed the loss of many long-operating businesses because of increased rents or lease terminations.

To the extent that property owners have little incentive to retain longstanding tenants, a long-operating business that does not own its commercial space or have a long-term lease is particularly vulnerable to displacement. A viable strategy for securing the future stability of San Francisco's long-operating businesses is to provide incentives for them to stay in the community, and incentives for their landlords to enter into long-term leases with such businesses.

Through the Legacy Business Historic Preservation Fund, landlords who extend the leases of Legacy Businesses for at least 10 years may receive Rent Stabilization Grants of up to \$4.50 per square foot of space leased per year, while Legacy Businesses on the Registry may receive Business Assistance Grants of up to \$500 per full-time equivalent employee per year. The landlord grants are capped at \$22,500 annually; the business grants are capped at \$50,000 per year. A biennial Consumer Price Index (CPI) adjustment has been added to the grants starting in fiscal year 2017-18.

Since fiscal year 2016-17, the annual budget allocation for the Legacy Business Historic Preservation Fund has been \$1 million in the City's budget.

RENT STABILIZATION GRANT

The Rent Stabilization Grant (<http://sfosb.org/legacy-business/rentgrant>) is used to provide an incentive for landlords to enter into long-term leases with Legacy Businesses. Per San Francisco Administrative Code section 2A.243(c)(1), "Subject to the budgetary and fiscal provisions of the City Charter, the Office of Small Business shall award an annual grant to a landlord that, on or after January 1, 2016, enters into an agreement with a Legacy Business that leases real property in San Francisco to the Legacy Business for a term of at least 10 years or extends the term of the Legacy Business's existing lease to at least 10 years, for each year of a lease entered into on or after January 1, 2016, or each year that was added to an existing lease on or after January 1, 2016 (e.g., an existing five-year lease that is extended to 20 years on January 1, 2016 would entitle the landlord to 15 years of grants) ..."

The Rent Stabilization Grant has been an effective strategy in stabilizing longstanding businesses of all sizes in San Francisco. The grant was initially issued in February 2017. Since it was issued, there have been 29 first-year grant applications helping stabilize 26 Legacy Businesses. (Three Legacy Businesses rented two storefronts each, and Rent Stabilization Grants were awarded for both storefronts.)

The following table indicates Rent Stabilization Grant applications paid as of March 31, 2019.

EXHIBIT 11: Rent Stabilization Grant Applications Paid as of March 31, 2019

Landlord of Legacy Business	Address of Legacy Business	Date Paid	Grant Amount
Gilmans Screens and Kitchens	228 Bayshore Blvd.	June 5, 2017	\$22,500.00
Navarro's Kenpo Karate Studio	960 Geneva Ave.	June 15, 2017	\$11,700.00
St. Francis Fountain	2051 Market St.	June 22, 2017	\$12,420.00
Subtotal Fiscal Year 2016-17			\$46,620.00
EROS: The Center for Safe Sex	2051 Market St.	August 14, 2017	\$22,500.00
Lone Star Saloon	1352 Harrison St.	December 8, 2017	\$23,197.50
Ruby's Clay Studio and Gallery	552-552A Noe St.	December 18, 2017	\$23,197.50
Sam's Grill & Seafood Restaurant	374 Bush St.	January 16, 2018	\$21,069.00
Joe's Ice Cream	5420 Geary Blvd.	January 19, 2018	\$9,279.00
Papenhausen Hardware	32 West Portal Ave.	January 22, 2018	\$16,962.01
Analytical Psychology Club of San Francisco	2411 Octavia St., Suite 1	January 22, 2018	\$3,214.25
Community Boards	601 Van Ness Ave., Suite 2040	January 22, 2018	\$7,506.71
Eddie's Café	800 Divisadero St.	January 22, 2018	\$3,711.60
Golden Gate Fortune Cookies	56 Ross Alley	February 12, 2018	\$13,686.53
Elite Sport Soccer	2637 Mission St.	March 15, 2018	\$13,918.50
Phoenix Arts Association Theatre	414 Mason St., Suite 601	April 9, 2018	\$8,351.10
Phoenix Arts Association Theatre	414 Mason St., Suite 604	April 16, 2018	\$5,799.38
Good Vibrations	1620 Polk St.	June 7, 2018	\$16,238.25
Avedano's Holly Park Market	235 Cortland St.	June 7, 2018	\$6,912.86
Avedano's Holly Park Market	237 Cortland St.	June 22, 2018	\$7,794.36
Subtotal Fiscal Year 2017-18			\$203,338.55
Toy Boat Dessert Café	401 Clement St.	August 30, 2018	\$4,718.37
Dog Eared Books	900 Valencia St.	September 5, 2018	\$11,830.73
ArtHaus Gallery	228 Townsend St.	September 14, 2018	\$13,454.55
Russian Hill Bookstore	2162 Polk St.	September 26, 2018	\$13,686.53
Cal's Automotive Center	55 Elmira St.	October 3, 2018	\$17,166.15
Café International	508 Haight St.	November 19, 2018	\$9,279.00

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Landlord of Legacy Business	Address of Legacy Business	Date Paid	Grant Amount
Books Inc.	3515 California St.	November 19, 2018	\$12,526.65
Green Apple Books	506 Clement St.	December 4, 2018	\$23,197.50
Green Apple Books	520 Clement St.	December 4, 2018	\$20,200.38
Cartoon Art Museum of California	781 Beach St., 1st Floor	March 25, 2019	\$23,197.50
Subtotal Fiscal Year 2018-19			\$149,257.36
TOTAL FIRST-YEAR GRANTS			\$399,215.91
COUNT			29
AVERAGE			\$13,766.07
Second-Year Grants (From 13 Applicants Listed Above)	Various	Various	\$198,739.96
Subtotal Second-Year Grants			\$198,739.96
GRAND TOTAL ALL GRANTS			\$597,955.87

BUSINESS ASSISTANCE GRANT

The intent of the Business Assistant Grant is to promote the long-term stability of Legacy Businesses and help them remain in San Francisco. The grant pays up to \$500 per full-time equivalent employee (FTE) per year, plus a Consumer Price Index (CPI) adjustment, up to a maximum of 100 FTEs. "Full-time equivalent employees" are defined as the number of employees employed in San Francisco by a Legacy Business as of the immediately preceding June 30, which is determined by adding, for each employee employed as of that date, the employee's average weekly hours over the preceding 12 months (July 1-June 30), dividing the result by 40 and rounding to the nearest full employee.

The total combined grants paid to all Legacy Businesses in a fiscal year (July 1-June 30) shall not exceed available funds. If in a fiscal year the total grants requested exceed the amount available, the Office of Small Business shall allocate the grants proportionately based on the number of FTEs.

In 2018-19, the Rent Stabilization Grant and Business Assistance Grant together exceeded available funds. The Office of Small Business measured and analyzed the effects of the two grants. It was determined that the grants for landlords has been an effective strategy in stabilizing longstanding businesses of all sizes in San Francisco, and the landlord grant is more in line with the intent of the Legacy Business Program. Therefore, the Small Business Commission directed the Office of Small Business on November 26, 2018, to prioritize the funding of the Rent Stabilization Grant to qualified landlords over other grant(s) paid through the Legacy Business Historic Preservation Fund.

In 2018-19, there was \$589,527 available for the Business Assistance Grant. The Office of Small Business paid \$300 per FTE plus a 3.1 percent CPI adjustment. Of the 148 Legacy Businesses eligible to apply, 105 applied for the grant. One business closed and did not receive the grant. For the remaining 104 businesses, there was an average of 18.33 FTEs per business and an average grant

award of \$5,669. For more information about the Business Assistance Grant, please visit <http://sfosb.org/legacy-business/businessgrant>.

BUSINESS ASSISTANCE GRANT AWARDS

The following table indicates the 104 Business Assistance Grant awards for fiscal year 2018-19. A Consumer Price Index adjustment of 3.1% is included in the grant amounts. Nonprofit organizations are indicated with footnotes next to the Legacy Business names.

EXHIBIT 12: Business Assistance Grant Awards for Fiscal Year 2018-19

Legacy Business	Number of FTEs	Grant Amount	Proposed Use of Funds (Percent of Grant)	
AIDS Legal Referral Panel ¹	13	\$4,021	Rent	100%
The Animal Company	3	\$928	Inventory Tenant Improvements	50% 50%
ArtHaus Gallery	2	\$619	Tenant Improvements	100%
Avedano's Holly Park Market	10	\$3,093	Inventory	100%
Babylon Burning Screen Printing	7	\$2,165	Equipment/Technology Human Resources Rent	10% 25% 65%
Balboa Cafe	42	\$12,991	Rent Tenant Improvements	50% 50%
Bay Area Video Coalition ¹	23	\$7,114	Rent	100%
Beck's Motor Lodge	10	\$3,093	Equipment/Technology Human Resources Inventory Tenant Improvements	20% 50% 10% 20%
Blue Bear School of Music ¹	10	\$3,093	Marketing/Promotion	100%
Books Inc.	74	\$22,888	Tenant Improvements	100%
Bo's Flowers Stand	1	\$309	Marketing/Promotion	100%
The Brazen Head	12	\$3,712	Tenant Improvements	100%
Brownies Hardware	9	\$2,784	Equipment/Technology	100%
Cable Car Clothiers	3	\$928	Rent	100%
Cafe International	2	\$619	Equipment/Technology	100%
Caffe Trieste	6	\$1,856	Equipment/Technology Tenant Improvements	67% 33%
California Wine Merchant	6	\$1,856	Advisor Inventory Rent	10% 40% 50%
Cartoon Art Museum of California ¹	3	\$928	Human Resources	100%
Chinese Historical Society of America ¹	6	\$1,856	Marketing/Promotion	100%

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Legacy Business	Number of FTEs	Grant Amount	Proposed Use of Funds (Percent of Grant)	
Cinderella Bakery and Cafe	18	\$5,567	Equipment/Technology Façade Improvements Tenant Improvements	60% 20% 20%
City Lights Booksellers and Publishers	18	\$5,567	Façade Improvements	100%
Clarion Music Center ¹	1	\$309	Rent	100%
Cliff's Variety	41	\$12,681	Marketing/Promotion	100%
Cole Hardware	90	\$27,837	Rent	100%
Community Boards ¹	2	\$619	Marketing/Promotion	100%
Creativity Explored ¹	23	\$7,114	Human Resources	100%
DNA Lounge	23	\$7,114	Rent	100%
Doc's Clock	3	\$928	Façade Improvements	100%
Dog Eared Books	13	\$4,021	Security Tenant Improvements	50% 50%
Donaldina Cameron House ¹	29	\$8,970	Associate Membership Equipment/Technology Marketing/Promotion Office Supplies Utilities	20% 10% 30% 20% 20%
El Rio	8	\$2,474	Façade Improvements Rent	25% 75%
Elite Sport Soccer	7	\$2,165	Inventory	100%
Ermico Enterprises	99	\$30,621	Rent	100%
EROS	5	\$1,546	Marketing/Promotion	100%
Escape From New York Pizza	59	\$18,249	Tenant Improvements	100%
FLAX art & design	5	\$1,546	Rent	100%
FTC Skateboarding	6	\$1,856	Rent	100%
Gilmans Kitchens and Baths	12	\$3,712	Rent	100%
Gino and Carlo	5	\$1,546	Rent	100%
Golden Bear Sportswear	15	\$4,640	Tenant Improvements	100%
Good Vibrations	16	\$4,949	Security	100%
Great American Music Hall and Slim's	42	\$12,991	Rent	100%
Green Apple Books	31	\$9,588	Associate Membership Marketing/Promotion Rent	14% 14% 72%
Gypsy Rosalie's Wigs & Vintage	1	\$309	Marketing/Promotion	100%

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Legacy Business	Number of FTEs	Grant Amount	Proposed Use of Funds (Percent of Grant)	
Haight and Fillmore Whole Foods	2	\$619	Equipment/Technology Façade Improvements Tenant Improvements	60% 20% 20%
Hamburger Haven	5	\$1,546	Debt Reduction	100%
Hayes Street Grill	21	\$6,495	Equipment/Technology Marketing/Promotion Tenant Improvements	60% 20% 20%
Henry's House of Coffee	8	\$2,474	Equipment/Technology	100%
Image Conscious	9	\$2,784	Marketing/Promotion	100%
Instituto Familiar de la Raza ¹	78	\$24,125	Façade Improvements	100%
Izzy's Steaks and Chops	26	\$8,042	Equipment/Technology	100%
Jazz Room	3	\$928	Façade Improvements	100%
Jeffrey's Toys	8	\$2,474	Rent	100%
Joe's Ice Cream	4	\$1,237	Equipment/Technology Tenant Improvements	50% 50%
Jug Shop	10	\$3,093	Rent	100%
Kabuki Springs & Spa	44	\$13,609	Equipment/Technology Tenant Improvements	50% 50%
Knights' Catering	18	\$5,567	Equipment/Technology Human Resources Inventory Rent Tenant Improvements	10% 10% 10% 45% 25%
The Lab ¹	2	\$619	Rent	100%
Little Joe's Pizzeria	6	\$1,856	Inventory Rent Tenant Improvements	50% 25% 25%
Lone Star Saloon	4	\$1,237	Rent	100%
Macchiarini Creative Design and Metalworks	3	\$928	Equipment/Technology Façade Improvements Office Supplies	50% 40% 10%
Marina Supermarket	33	\$10,207	Advisor Equipment/Technology Rent Tenant Improvements	10% 10% 60% 20%
Mindful Body	14	\$4,330	Tenant Improvements	100%
Mission Graduates ¹	44	\$13,609	Tenant Improvements Capital Campaign	42% 58%

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Legacy Business	Number of FTEs	Grant Amount	Proposed Use of Funds (Percent of Grant)	
Mission Neighborhood Health Center ¹	100	\$30,930	Façade Improvements	100%
Moby Dick	7	\$2,165	Equipment/Technology Façade Improvements	60% 40%
Navarro's Kenpo Karate Studio	2	\$619	Human Resources	100%
Nihonmachi Little Friends ¹	24	\$7,423	Tenant Improvements	100%
Noe Valley Bakery	51	\$15,774	Rent	100%
Ocean Hair Design	3	\$928	Equipment/Technology Rent	50% 50%
Oddball Films	3	\$928	Film Preservation	100%
One Twenty For Hair	3	\$928	Rent Tenant Improvements	50% 50%
Pacific Cafe	9	\$2,784	Rent	100%
Papenhausen Hardware	9	\$2,784	Equipment/Technology Human Resources Tenant Improvements	22% 67% 11%
Phoenix Arts Association Theatre	1	\$309	Rent	100%
Pier 23 Cafe	46	\$14,228	Advisor Equipment/Technology Human Resources Marketing/Promotion Security Tenant Improvements	22.5% 22.5% 5.5% 6% 13.5% 30%
Pier 39 Ltd Partnership	81	\$25,053	Marketing/Promotion Tenant Improvements	50% 50%
Plough and Stars	2	\$619	Advisor Equipment/Technology Façade Improvements Marketing/Promotion	12% 58% 15% 15%
Precita Eyes Muralists Association ¹	6	\$1,856	Rent	100%
Project Open Hand ¹	100	\$30,930	Tenant Improvements	100%
Red and White Fleet	64	\$19,795	Equipment/Technology Tenant Improvements	50% 50%
ROLO	4	\$1,237	Equipment/Technology Façade Improvements	50% 50%
Rooky Ricardo's Records	1	\$309	Rent	100%
Roxie Theater ¹	12	\$3,712	Rent	100%
Russian Hill Bookstore	2	\$619	Rent	100%

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Legacy Business	Number of FTEs	Grant Amount	Proposed Use of Funds (Percent of Grant)	
Sacred Grounds Cafe	4	\$1,237	Rent	100%
Sam Wo Restaurant	16	\$4,949	Marketing/Promotion Tenant Improvements	80% 20%
Sam's Grill and Seafood Restaurant	28	\$8,660	Equipment/Technology Façade Improvements Marketing/Promotion Tenant Improvements	22% 15% 8% 55%
San Francisco Bay View National Black Newspaper	3	\$928	Rent	100%
San Francisco Heritage ¹	5	\$1,546	Marketing/Promotion	100%
San Francisco Market Corporation ¹	8	\$2,474	Marketing/Promotion	100%
San Francisco Prosthetic Orthotic Service	9	\$2,784	Health Insurance	100%
SF Party	16	\$4,949	Marketing/Promotion	100%
Shanti Project ¹	55	\$17,012	Rent	100%
Specs' 12 Adler Museum Cafe	3	\$928	Rent	100%
St. Francis Fountain	9	\$2,784	Equipment/Technology	100%
The Stud	3	\$928	Advisor Marketing/Promotion Rent Tenant Improvements	25% 25% 25% 25%
Tommaso's Ristorante Italiano	15	\$4,640	Advisor Equipment/Technology Façade Improvements Inventory Marketing/Promotion	5% 30% 30% 10% 25%
Toy Boat Dessert Cafe	3	\$928	Equipment/Technology Façade Improvements Tenant Improvements	45% 40% 15%
Twin Peaks Auto Care	5	\$1,546	Façade Improvements	100%
Valencia Whole Foods	4	\$1,237	Equipment/Technology	100%
VIP Grooming	8	\$2,474	Equipment/Technology Façade Improvements Marketing/Promotion Rent	30% 30% 10% 30%
Zeitgeist	26	\$8,042	Tenant Improvements	100%
TOTAL	1,906	\$589,527		

¹Nonprofit organization.

The following tables indicate Business Assistance Grant awards for fiscal year 2018-19 and, for comparative purposes, fiscal years 2017-18 and 2016-17.

EXHIBIT 13: Business Assistance Grant Awards for Fiscal Year 2018-19

Fiscal Year 2018-19	Number of FTEs	Grant Amount (Paid \$300 per FTE + 3.1% CPI)
Total	1,906	\$589,527
Count	104	104
Average	18.33	\$5,669
Median	9.00	\$2,784
For-Profit Average	16.21	\$5,015
Nonprofit Average	27.20	\$8,413

EXHIBIT 14: Business Assistance Grant Awards for Fiscal Year 2017-18

Fiscal Year 2017-18	Number of FTEs	Grant Amount (Paid \$500 per FTE + 3.1% CPI)
Total	1,201	\$619,135
Count	71	71
Average	16.92	\$8,720
Median	9.00	\$4,640
For-Profit Average	14.55	\$7,503
Nonprofit Average	25.73	\$13,266

EXHIBIT 15: Business Assistance Grant Awards for Fiscal Year 2016-17

Fiscal Year 2016-17	Number of FTEs	Grant Amount (Paid \$500 per FTE)
Total	798	\$399,000
Count	51	51
Average	15.65	\$7,824
Median	8.00	\$4,000
For-Profit Average	12.72	\$6,360
Nonprofit Average	31.38	\$15,688

There appears to be a trend among Legacy Businesses in which the smaller businesses have been less likely to apply for the Business Assistance Grant. It is possible this is due to time and staffing constraints, language barriers and computer access challenges. It is also possible that small businesses with fewer employees are less incentivized to apply for Business Assistance Grants because the grants are based upon the number of employees.

PROPOSED USE OF BUSINESS ASSISTANCE GRANTS

Consistent with the purpose of the Legacy Business Historic Preservation Fund as set forth in Administrative Code section 2A.243(a), Business Assistance Grant funds shall be used only to promote the long-term stability of Legacy Businesses or to help Legacy Businesses remain in San Francisco. The following table is a summary of how applicants intend to use the 2018-19 grant funds to support the continuation of their businesses as a Legacy Businesses.

EXHIBIT 16: Proposed Use of Business Assistance Grant Funds for Fiscal Year 2018-19

Proposed Use of Funds	Amount	Percent of Total
Advisor	\$4,946	0.84%
Associate Membership	\$3,136	0.53%
Capital Campaign Expenditures	\$7,893	1.34%
Debt Reduction	\$1,546	0.26%
Equipment/Technology	\$58,526	9.93%
Façade Improvements	\$71,509	12.13%
Film Preservation	\$928	0.16%
Health Insurance	\$2,784	0.47%
Human Resources	\$13,953	2.37%
Inventory	\$8,722	1.48%
Marketing/Promotion	\$56,954	9.66%
Office Supplies	\$1,887	0.32%
Rent	\$181,999	30.87%
Security	\$8,880	1.51%
Tenant Improvements	\$164,069	27.83%
Utilities	\$1,794	0.30%
TOTAL	\$589,527	100.00%



"The essence of Couture is the personal touch that comes from ensuring the clothes, the fit, and the person all go hand in hand. Big box retailers don't offer this type of service," said David Yahid, owner of **Couture Designer European Clothing**. "Thirty years later and we're still here preserving a piece of what Sutter Street once was, a mecca of independent high-end clothing stores."

ACTUAL USE OF BUSINESS ASSISTANCE GRANTS

The following table is a summary of how applicants used the 2017-18 Business Assistance Grant funds to support the continuation of their businesses as a Legacy Businesses.

EXHIBIT 17: Actual Use of Business Assistance Grant Funds from Fiscal Year 2017-18

Actual Use of Funds	Amount	Percent of Total
Advisor	\$13,972	2.26%
Associate Membership	\$4,300	0.69%
Debt Reduction	\$2,578	0.42%
Equipment/Technology	\$38,719	6.25%
Façade Improvements	\$96,197	15.54%
Health Insurance	\$6,186	1.00%
Human Resources	\$37,018	5.98%
Marketing/Promotion	\$54,609	8.82%
Office Supplies	\$102	0.02%
Repairs	\$10,826	1.75%
Rent	\$173,638	28.05%
Security	\$13,919	2.25%
Streetscape Improvements	\$3,000	0.48%
Tenant Improvements	\$129,531	20.92%
Vehicle	\$7,733	1.25%
Other	\$26,807	4.33%
TOTAL	\$619,135	100.00%

ACCESSIBILITY GRANT

The Accessibility Grant was designed by Office of Small Business to help Legacy Businesses better comply with disability access laws and help increase access for people with disabilities to Legacy Business' goods and services.

The first round of the Accessibility Grant will fund accessibility inspections by Certified Access Specialists for Legacy Businesses, a critical step in making businesses accessible. A Certified Access Specialist (CAsp) is a professional who has been tested and certified by the State of California to have specialized knowledge of the applicability of state and federal construction-related accessibility standards. Through a comprehensive inspection of the business, a CAsp will issue a thorough report that identifies disability access barriers and describes barrier removal requirements to bring the business into compliance. ADA compliance is an ongoing responsibility of both the property owner and tenant. The up-front investment of identifying barriers and making the business accessible is often less than the cost of liability. A CAsp report is a blueprint for disability access compliance.

PROGRAM BUDGET

FISCAL YEAR 2018-19

The following table indicates revenue and expenses for the Legacy Business Program for fiscal year 2018-19.

EXHIBIT 18: Legacy Business Program Budget for Fiscal Year 2018-19

Budget Item	Estimated Revenue	Estimated Expenses
Staffing		
All Legacy Business Program Staff Including Fringe Benefits	\$286,326	\$286,326
Subtotal Staffing	\$286,326	\$286,326
Program Expenses		
Marketing and Branding	\$20,400	\$19,182
Translation Services		\$2,446 ³
Subtotal Program Expenses	\$20,400	\$21,628
Application Fees		
Carryforward Application Fees (From Previous Fiscal Years)	\$7,700	\$0
Application Fees	\$3,100 ²	\$0
Subtotal Application Fees	\$10,800	\$0
Grants		
Rent Stabilization Grant	\$1,000,000	\$410,473
Business Assistance Grant		\$589,527
Subtotal Grants	\$1,000,000	\$1,000,000
TOTAL	\$1,317,526	\$1,307,954

²Application fees for 2018-19 were estimated based on \$2,300 in application fees collected for the first three quarters of the fiscal year.

³Translation services totaling \$2,446.18 for the Legacy Business Program were paid directly by the Office of Small Business.

FISCAL YEAR 2019-20

The following table indicates estimated revenue and expenses for the Legacy Business Program for fiscal year 2019-20.

EXHIBIT 19: Estimated Legacy Business Program Budget for Fiscal Year 2019-20

Budget Item	Estimated Revenue	Estimated Expenses
Staffing		
All Legacy Business Program Staff Including Fringe Benefits	\$296,468	\$296,468
Subtotal Staffing	\$296,468	\$296,468
Program Expenses		
Reserve from Fiscal Year 2015-16	\$25,000	\$42,800
Marketing and Branding	\$20,400	
Translation Services		\$2,600
Subtotal Program Expenses	\$45,400	\$45,400
Application Fees		
Carryforward Application Fees (From Previous Fiscal Years)	\$10,800	\$0
Application Fees	\$2,700 ⁴	\$0
Subtotal Application Fees	\$13,500	\$0
Grants		
Rent Stabilization Grant	\$1,000,000	\$700,000
Business Assistance Grant		\$300,000
Accessibility Grant (Reserve from Fiscal Year 2015-16)	\$150,000	\$150,000
Subtotal Grants	\$1,150,000	\$1,150,000
TOTAL	\$1,505,368	\$1,491,868

⁴Application fees for 2019-20 were estimated based on 54 applications at \$50 per application.

PROGRAM CHALLENGES

The Office of Small Business has experienced some challenges with escalating staff obligations for the Legacy Business Program and escalating budget obligations for the Legacy grants. The Office of Small Business will address these challenges in the upcoming fiscal year.

Escalating Staff Obligations

The Office of Small Business has experienced escalating staff obligations since the Legacy Business Program was established.

The number of Legacy Businesses that applied for Business Assistance Grants increased from 51 to 72 to 105 from fiscal years 2016-17 through 2018-19, requiring a greater amount of staff time each year to review applications and process payments. In 2019-20, the Office of Small Business anticipates receiving 145 Business Assistance Grant applications, increasing the program's demand on staff time from the present 17 percent to 20 percent or more. The Business Assistance Grant is a staff-intensive program that has affected the ability of staff to commit sufficient time to marketing and promoting the Legacy Business Program.

In addition, there has been a steady demand from landlords for the Rent Stabilization Grant. Because the grant is paid over multiple years through annual applications, each new application compounds the number of applications received in successive years, adding to the overall staff obligation.

Lastly, the Office of Small Business has received an increasing number of new applications for the Legacy Business Registry as the program has become better known. This has required an increase in staff time each fiscal year.

Escalating Budget Obligations

Due to the increasing demand for the Business Assistance Grant and Rent Stabilization Grant, the two grants exceeded the available funding in fiscal year 2018-19. Because the Small Business Commission prioritized the funding of the Rent Stabilization Grant over the Business Assistance Grant, the former grant was paid to qualified landlords in full, while the latter grant was paid to Legacy Businesses in part per the Administrative Code. In fiscal year 2019-20, the Office of Small Business will be developing protocols to address the growing demand for the two grants, including the possible development of a new business grant to replace the existing Business Assistance Grant.



*"We have been serving authentic Hong Kong Style dishes in San Francisco for over 40 years, and we are excited to continue doing so as a Legacy Business," said Sam Yu, owner of **Yuet Lee Restaurant**. "I am particularly delighted to see that the name, Yuet Lee, will be listed on the Legacy Business Registry because the restaurant is named after my parents. Yuet Lee is actually a combination of their names."*

MAJOR UPCOMING ACTIVITIES

Following are major upcoming activities for the Legacy Business Program for the fourth quarter of fiscal year 2018-19 and for fiscal year 2019-20:

- Continuing providing resources and training to Legacy Businesses for succession planning in partnership with the San Francisco Small Business Development Center, the Democracy at Work Institute and the University of San Francisco's Gellert Family Business Resource Center.
- Implementing Phase 2 of the Marketing and Branding rollout for Legacy Businesses including bronze plaques, certificates, relaunch of social media promotions and developing marketing partnerships, such as with San Francisco Travel, to elevate the promotion of Legacy Businesses.
- Establishing a marketing plan to promote Legacy Businesses including the creation of brochures and a new Legacy Business Program website based on the designs by Osaki Creative Group.
- Printing branded office supplies for the Legacy Businesses Program including business cards, envelopes, letterhead and mailing labels that were designed by Osaki Creative Group.
- Continuing to encourage City departments, commissions, committees and task forces to patronize Legacy Businesses to the greatest extent possible.
- Providing real estate technical assistance to Legacy Businesses.
- Researching new opportunities for assisting Legacy Businesses with the purchase of commercial buildings and commercial spaces.
- Creating a resource guide about commercial tenancies-in-common (TICs) to educate Legacy Businesses on how to purchase commercial real estate in partnership with other businesses.
- Working with the Planning Department and other City departments to provide benefits to Legacy Businesses and their landlords.
- Continuing to process Rent Stabilization Grant applications for landlords of Legacy Businesses.
- Issuing and processing the Business Assistance Grant for fiscal year 2019-20, which will be translated into Spanish, Chinese and Tagalog.
- Developing protocols to address the growing demand for the Rent Stabilization Grant and Business Assistance Grant, including the possible development of a new business grant.

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